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MR. PAUL F. MANLEY  
17917 SCHNELEY AVE.  
CLEVELAND 19, OHIO

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# FOREIGN POLICY BULLETIN

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## NEW INDIAN DOMINIONS FACE GRAVE ECONOMIC ISSUES

THE establishment of the two new Dominions of Pakistan and India in the former territory of India signalizes, as could no other event, the decline of old colonial empires and the triumph of nationalism in Asia. India, with its hundreds of millions of people, strategic location, rich resources, and valuable trade and investment opportunities has been the heartland of modern colonialism. Its entrance into the era of national independence on August 15, at a time when the Dutch and French are at war with the Indonesian and Annamite nationalist movements, indicates the direction in which Asia is moving. Whatever may be the day-to-day balance of power between colonial governments and colonial peoples, whatever the rights or wrongs of particular situations, efforts to hold empires by force are essentially rear-guard actions doomed to fail.

BRITAIN RETAINS STAKE. The Labor government has displayed wisdom and statesmanship by moving swiftly with the tide instead of against it. Britain naturally wishes to be the principal outside influence in the international and internal evolution of independent India and Pakistan; and it recognizes that, while this position cannot be achieved through force, it may perhaps be brought about by coming to terms with Indian nationalism. What Britain hopes for most of all is that next year, when Pakistan and India make the final choice between Dominion status and severance of the imperial tie, they will elect to remain within the Commonwealth. But even if Dominion status is rejected by one or both—as may well be the case—the hope is that Britain's role in economic and military affairs will remain strong.

This outlook, which is entirely understandable, suggests that it would be a grave mistake to equate the end of British rule in India with the end of

British influence. Under the most favorable conditions this influence might operate as it once did in the United States in the nineteenth century when, for example, British investments in a former colony played an important part in American railway construction. But relations with Britain could also become a bone of contention, as in the opening decades of our own independence. For almost two centuries India has been oriented toward Britain, and British trade and investments in this great sub-continent continue to be significant. Pakistan and India will both need outside assistance, and Pakistan in particular, because of its economic weaknesses, is likely to be peculiarly dependent on Britain for some time to come, whether or not it remains a Dominion. Britain, however, will be hampered by economic difficulties at home and will face the economic competition of the United States as well as the political competition of the U.S.S.R.

ROAD TO INDEPENDENCE. The extent to which India and Pakistan exercise true independence, rather than the limited or nominal type of sovereignty which exists in many countries, will depend on their success in facing internal problems. Apart from immediate weaknesses, such as always confront new governments, two long-term issues will have to be dealt with. The first is the Hindu-Moslem conflict, one of the keys to war and peace between India and Pakistan—and within their territories as well, for each contains a substantial minority of believers in the other's faith. The second is the issue of economic reform and modernization, equally important as a key to peace, for only if the standard of living is materially raised can India and Pakistan hope to achieve stability.

Actually it is incorrect to separate the religious and economic issues except to simplify analysis, for

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the rioting which has taken scores of thousands of lives in the past year reflects the desperate poverty of the country as well as the intensity of communal feeling. While the most responsible spokesmen on both sides abhor this strife, the Hindu-Moslem issue will obviously appeal to any leader who wishes to distract attention from short rations, low wages and miserable rural conditions. There is something suggestive in the formation in New Delhi on August 9 of a Hindu organization with a twelve-point program, including a call for the legal prohibition of cow-killing (the cow is sacred to Hindus, but not to Moslems) and the exclusion of the many millions of Moslems in the Dominion of India from key positions on the ground that they are "fifth columnists" for Pakistan. The sponsors of the new group significantly include members of the two leading Hindu industrial families, the Birlas and Dalmias.

**FREEDOM FOR WHAT?** Colonial nationalist movements, despite differences, often have certain features in common. One of these is that in seeking independence the more active elements among the mass of nationalists tend toward a radical point of view (whatever this may mean in the particular time and place), while the chief leaders—although by no means all—generally represent the more conservative elements of the rebelling community. This can be seen equally well

## REVIVAL OF RUHR INDUSTRY FORMS CORE OF MARSHALL PROPOSAL

According to high State Department officials, an Anglo-American program to revitalize the Ruhr industry constitutes the heart of the Marshall proposal for the economic recovery of Europe. The conference of British and United States experts on ways and means for increasing the Ruhr coal output which opened in Washington on August 12 is therefore regarded as of the highest importance. No less significant is the plan to raise the level of industry in the combined British and American zones—a project that has been held in abeyance pending an exchange of views with the French government at a meeting which opened in London on August 18. Discussing this phase of our foreign policy, Willard L. Thorp, Assistant Secretary of State, remarked in a radio broadcast on August 16 that "you cannot have a prosperous coal industry in a prostrated German economy." He denied charges that the State Department had sought to advance German industry "at the expense of our Allies." "Germany," he said, "is lagging far behind and we want to narrow the gap."

**RUHR INDUSTRY: THREAT OR ASSET?** Although the plan for a level of industry higher than that announced by the Allied Control Council in Berlin on March 28, 1946 is admittedly the most vital phase of the Marshall proposal, it does not represent a new departure in American foreign policy.

in the wide variations in outlook between Gandhi and the Indian labor unions, or George Washington and the Sons of Liberty. A second feature, following from the first, is that when independence has been won, either wholly or in large part, sharp conflicts are likely to develop over the purposes for which the new freedom is to be used. This is evident as a major aspect of the Kuomintang-Communist struggle in China or, in far milder form, in the early political conflict between Federalists and anti-Federalists in the United States.

There is nothing peculiar about these political tendencies: they simply bear out the old Chinese proverb that men may sleep in the same bed and have different dreams. In India the pattern of conservative-radical conflict has already emerged in the differences between the predominant leadership of the Indian National Congress—the governmental party of Gandhi, Nehru and Patel—and the Indian Socialists and Communists. There are also indications that, if religious strife abates, political and economic differences between varying wings of the Moslem League, the governmental party of Pakistan, may come to the fore. It is clear that the leaders of the two new Indian Dominions face a challenge within their own boundaries as well as the problem of getting along with each other.

LAWRENCE K. ROSINGER

## REVIVAL OF RUHR INDUSTRY FORMS CORE OF MARSHALL PROPOSAL

Earlier this year, at the abortive meeting of the Council of Foreign Ministers in Moscow, Secretary Marshall contended that German industry should be brought "more into line with the requirements of Europe." Thereafter, British and American military authorities in Germany began working out a new formula for industrial capacity in their zones.

This decision to act independently of the other two occupying powers evoked sharp criticism from France, the Soviet Union and Eastern European countries. Moscow press and radio commentators, who at first denounced the Marshall proposal as a scheme which would violate the sovereignty of the participants, in recent weeks have alleged that our objective is a revival of the German workshop which would again become a threat to the peace of Europe. After World War I, it is contended, the Germans were able to restore and expand the economic basis of their military power with the aid of a large inflow of American capital.

France's fear of a possible resurgence of German power, however, is due largely to the fact that within the past seventy years its soil has been invaded by Germany three times. When it became known that the British and American zonal authorities were ready to announce a new level—reported to be 11,500,000 tons—for Ruhr steel output, French For-

ign Minister Bidault objected vigorously. In response to his protest, Bevin and Marshall issued instructions withholding the new plan and invited Paris to submit its views on the matter. But what Bidault wanted was a conference attended by representatives of all interested countries. Finally he accepted the terms of a State Department note of August 9, which declared that this country and Britain were prepared to meet with French representatives and exchange views. American military authorities in Germany, supported by the War Department, unsuccessfully opposed this procedure, fearing that French participation would involve unnecessary wrangling and delay. Marshall's action was based on the hope of a tripartite understanding, including a merger of the French zone with those of the United States and Britain.

Recent statements by French government officials indicate that, if there is to be a compromise agreement, provision must be made for the continued expansion of their country's steel industry under the five-year Monnet plan, which contemplates an eventual output of 12,000,000 tons of steel annually. To achieve this goal, larger supplies of Ruhr coal must be made available to France. This means, in effect, that such future increases of German steel output as are permitted by the Allies must not give Germany an output larger than that projected for France. With respect to long-range control of Ruhr industry, Paris still demands an international administrative regime, and it has been reported that the London parley may agree on a three-power control system.

**THE RUHR COAL PROBLEM.** Any upward revision of the level of industry, if unaccompanied by a larger output of Ruhr coal, would entail a change in the distribution of the fuel supply—a fact of which the French are acutely aware. Their request for representation at the Washington conference on Ruhr coal problems, however, was rejected; they

were merely invited to submit a statement of their views. This conference, called at the instance of the American government which has often criticized British management of the German mines, is expected to work out plans to increase the output. Daily production now is slightly more than one-half of the pre-war volume. To get a larger tonnage, there must be improvements in supervision, housing, equipment, and transport. More important, an increase in the supply of food and consumer goods is required to give German miners an incentive to work.

Since any provision of funds under the Marshall proposal must await action by Congress next year, it has been indicated that a solution may be found in the suggestion made by World Bank officials on June 24 that a Ruhr Coal Authority be created. The Bank, it was stated, could then provide financial and technical support for the project. But there are legal questions involved, since the Bank's charter forbids loans to Germany, a non-member.

Lacking adequate financial resources to expand coal output in their zone, the British are at a disadvantage in the Washington negotiations. One important concession they made on the eve of the meeting was to drop for the time being their plan to nationalize Ruhr industry. The Labor government's retreat on this point is indicative of its desire to reach a quick understanding with Washington on a program to expand German coal output—a development considered by both as indispensable to continued recovery in Western Europe. Britain itself may need Ruhr coal this winter.

HAROLD H. HUTCHESON

*Constitutions, Electoral Laws, Treaties of States in the Near and Middle East*, edited by Helen Miller Davis. Durham, Duke, 1947. \$5.00

A valuable collection of official documents of Afghanistan, Egypt, Iran, Iraq, Lebanon, Palestine, Saudi Arabia, Syria, Transjordan, and Turkey. Except for a few presented in the official French text, the documents are in English, many having been translated from Oriental originals.

*The U.S.S.R.: A Geographical Survey*, by J. S. Gregory and D. W. Shave. New York, Wiley, 1947. \$4.25

Two British experts present a very useful survey of the geography and natural resources of the U.S.S.R. The value of this book is enhanced by a large number of maps and good bibliographical material.

*The Australian Economy in War and Reconstruction*, by E. Ronald Walker. New York, Oxford University Press, 1947. \$6.00

A comprehensive review of Australia's war economy, including a study of the nation's post-war problems, especially its international economic status.

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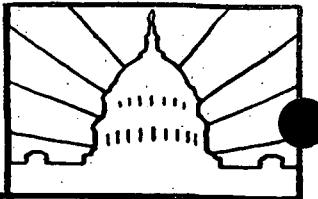
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# Washington News Letter



## U.S. PRESSES FOR STRONGER UN ACTION ON GREECE

In view of the charge on August 14 by Andrei A. Gromyko, Russian representative in the Security Council, that the Australian and American resolutions invoking Chapter VII of the UN Charter in the Greek case rest on the "unfounded assertion" that Albania, Yugoslavia and Bulgaria have supported the Greek guerrillas, the State Department is studying with particular care the recent reports of the UN subsidiary commission in Salonika. This body, which was formed last April for the purpose of keeping a watch on the Greek borders until the Security Council took appropriate action on the findings of the Balkan Commission, has held eighty-three meetings and made first-hand investigations of alleged incidents on the Albanian, Yugoslav and Bulgarian frontiers. On the basis of these surveys the commission has collected direct evidence that groups of guerrillas ranging in number from a score or less to several hundred have been escaping to the North, where they receive aid for the wounded, food, arms and ammunition prior to being escorted back to Greece in military formations.

**AID TO GUERRILLAS INCREASING.** After reviewing the evidence compiled by the UN subcommission the State Department is firmly convinced that the pro-Soviet neighbors of Greece have not only given aid to the Greek guerrillas during past months but that this aid has recently been increased. Under these conditions American policy-makers are more determined than ever to protect the government in Athens despite the deadlock in the Security Council, and experts on the UN Charter are now in the midst of a search for new means of action which cannot be blocked by a Russian veto.

Thus far the only move which has received careful consideration is that of taking the Greek situation before the fifty-five-member General Assembly, where no nation has the right of veto. In the opinion of the United States this procedure—which Herschel V. Johnson, acting representative of the United States at Lake Success, suggested on August 12—might be useful not only because of the Assembly's ability to mobilize public opinion, but because under Article 11 this body might decide to recommend appropriate action, such as sanctions and the establishment of a commission on the Greek borders.

As a second possible course of action Mr. Johnson implied that the United States might take the unprecedented step of invoking Article 51, which makes possible individual or collective action in case a

member of the UN is the victim of an armed attack and the Security Council is not performing its functions. This suggestion is so drastic, however, and would have such far-reaching effects on the UN, that the State Department feels it must have a considerable period of time to study its implications. While, therefore, unofficial observers have read into Mr. Johnson's remarks the hint that the United States may send troops to Greece, there is thus far no official basis for this interpretation. Moreover, contrary to a widespread impression, American troops could not be dispatched to Greece under the terms of the present Greek-Turkish aid bill, for one section of this measure as passed by Congress specifically states that the military personnel authorized in the program shall be exclusively advisory.

**U.S. SEEKS MODERATING ROLE.** Meanwhile, Washington continues to believe that Greece would be able to solve its internal problems with American aid and such international assistance as may be forthcoming, provided foreign-aided guerrilla warfare subsides. This does not mean, however, that the United States is unaware of the inherent weaknesses of the present Rightist coalition in Athens. On the contrary, it will welcome any steps which may be taken toward the establishment of a broader government. But Washington considers it highly unrealistic to look for the establishment in Greece of a moderate political and social regime until substantial progress has been made toward reconstruction, and the threat from the north has been removed.

Pending fulfillment of these two conditions the State Department feels that it can at best exercise a moderating influence on the Right, and it finds in current developments abundant proof that even this limited objective may be difficult to achieve. Although the Greek authorities have responded to representations made by Britain and the United States, following the arrest of approximately 10,000 persons in connection with an alleged Communist plot last month, by releasing 1,100 of those arrested and deported to Icaria, many non-Communists are believed to remain on the island. Resentment felt by the several thousand non-Communists still in prison camps offers Communists an ideal opportunity for propaganda. As a result, the dangerous rift between the extreme Right and the extreme Left, which announced the establishment of a "free" government in the North on August 16, may be further widened.

WINIFRED N. HADSEL